



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

0005

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MINERALS PROGRAM
FILE COPY

September 16, 1991

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Associate Director, Mining *LAB*

FROM: Wayne Hedberg, Permit Supervisor *DWA*

RE: Request for Board Approval, Amount and Form of Interim Surety, Geneva Steel, Iron Mountain Sites, M/021/001 - Cedar City Operation (BHP-UtI property), M/021/005 - Comstock Mine (CF&I-Geneva property), and M/021/008 - Iron Mountain Mine (Geneva Steel), Iron County, Utah

In a Memorandum Decision dated June 10, 1991, the Board of Oil, Gas and Mining conceptually approved of an interim reclamation contract agreement for Geneva Steel's (Geneva), Iron Mountain mining properties. The interim surety was developed as a permitting mechanism to enable the Division to formally transfer the mine permits and remaining reclamation responsibilities from BHP-Utah International Incorporated (M/021/001) and CF&I Steel Corporation (M/021/005) to Geneva Steel. The interim surety will provide Geneva with sufficient time to properly revise and consolidate several active iron mining permits into one permit (M/021/008). The interim contract is also intended to address the Division's immediate reclamation surety concerns regarding Geneva's active, bonded and unbonded iron mining properties.

Upon formal Board approval, the interim surety will become effective and remain in effect (maximum - 12 months) until the Division receives and approves of Geneva Steel's updated, comprehensive mining and reclamation plan for their Iron Mountain properties. Upon the Division's acceptance of Geneva's revised mining and reclamation plan, a new and updated reclamation surety will be provided by Geneva to replace the interim surety. Geneva is currently working on completing the permitting process which will place all of their mine operations under one comprehensive permit.

A total interim reclamation surety of \$1,180,500 has been calculated in 1991 dollars. The Board's Memorandum Decision allows Geneva to post \$540,549 of that total, under a self-bonding and indemnity agreement and requires the residual \$639,951 to be posted in another form of surety. Geneva has provided the Division with a self-bond (\$540,549) and a corporate surety bond (\$639,951).

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Board Memorandum
M/021/008
September 16, 1991

Geneva has requested clarification on their understanding that once they meet the 5-year continuous operation criteria, that the Board will then accept and formally approve of their earlier self-bonding request for all of their Iron Mountain mining operations.

The Division currently holds a \$81,000 reclamation surety for the Iron Mountain Mine M/021/008 in the form of a depository account. Upon final approval of the interim surety by the Board the Division would release this surety back to Geneva. The existing sureties held by the Division for reclamation of the BHP-Utah International Inc. and CF&I Steel Corporation mining properties will also be subsequently released.

Please find the following items attached for your evaluation:

- 1) Summary Checklist
- 2) Reclamation Cost Estimate
- 3) General Location Map
- 4) Interim Reclamation Contract
- 5) Corporate Surety Bond
- 6) Self-Bonding & Indemnity Agreement

Due to the complexity of consolidating the three large mining permits, one small mining permit and the unpermitted areas (which Geneva is presently working on), an updated executive summary has not been prepared at this time. A new executive summary will be prepared and presented for Board review when the updated Iron Mountain mine permit application is received and accepted by the Division.

Thank you for your time and consideration of this permitting request.

jb
Attachments
M021008.BRD

DOGM MINERALS PROGRAM

Checklist for Board Approval of FORM AND AMOUNT OF SURETY

Prepared September 16, 1991

Mine Name Iron Mountain Mine
File No. M/021/008

Items	Provided		Remarks
	Yes	No	
Executive Summary		X	Consolidated detailed information not available at this time.
Location Map	X		
Reclamation Bond Estimate	X		
Signed Interim Reclamation Contract	X		
Signed Power of Attorney/ Affidavit of Qualification	X		
Bond/Reclamation Surety	X		Self Bonding and Indemnity Agreement and Corporate Surety Bond.
Surety Sign Off (Other State/Federal Agencies)		X	N/A

Table 1

(last revised) - February 22, 1991

Mine Properties Under the Control
of
Geneva Steel

Name and Permit Number	Acreage	Permitted	Permit Operator	Surety Amount	Date Approved	Escalated Surety **	Cost if \$3,000/ac***
I. Iron Mountain Mine - M/021/008							
1. Iron Mountain	12	yes	Geneva	\$81,000	3/89	\$74,500	\$36,000
2. Blackhawk Fines Area	27	yes	Geneva	included in above	3/89	included in above	\$81,000
3. Mountain Lion	53	yes	Geneva	Same as above	3/89	Same as above	\$159,000
4. Burke Pit	1.5	* no	Geneva	n/a	n/a	\$4,600	\$4,500
5. Cheaspeake/Excelsior	8	* SMO only	Geneva	n/a	n/a	\$24,300	\$24,000
6. Tip Top	3	* no	Geneva	n/a	n/a	\$9,100	\$9,000
II. Comstock Mine - M/021/005							
1. UII Area	36	yes	* UII	\$217,421	5/80	\$109,600	\$108,000
2. Comstock Area	265 @ (253)	yes	* CF&I	\$588,951	4/80	\$914,300	\$795,000 (\$759,000)
Totals	405.5 (393.5)			\$887,372		\$1,136,400	\$1,216,500 (\$1,180,500)
III. Keigley Quarry - M/021/001 ****							
	400			\$505,000	3/89		

* Indicates problem with the permit/non-compliance

** These sureties have been escalated to 1992 dollars

*** Indicates a program average for reclamation costs within the state of Utah

**** This site is being evaluated seperately from the other Geneva properties listed above

@ Geneva indicates this permit may include 12 acres which are also bonded under the Iron Mtn. permit (265 - 12 = 253)

jb

M021008

LAW OFFICES OF
KIMBALL, PARR, WADDOUPS, BROWN & GEE
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CLAYTON J. PARR

RECEIVED

SEP 03 1991

DIVISION OF
OIL GAS & MINING

August 30, 1991

Dianne R. Nielson, Director
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Board Review of Form and Amount of Surety for Geneva Steel's Iron Mountain Sites, M/021/001, M/021/005, and M/021/008, Iron County, Utah

Dear Dianne:

In response to your letter of July 26, 1991, I am submitting with this letter a revised copy of the Interim Reclamation Contract revised to reflect the Memorandum Decision of the Board dated July 10, 1991. In particular, you will note that the Contract now provides for two forms of bond, a Self Bonding and Indemnity Agreement in the amount of \$540,549 attached as Exhibit B-1, and a Surety Bond in the amount of \$639,951 attached as Exhibit B-2 (which is a photocopy of the signed original). A highlighted copy showing changes from the prior draft of the Contract is also enclosed for your convenience.

Pending final approval of the documentation and the form of the surety bond, Geneva is ready to proceed with execution of the documents and finalization of the interim arrangement. If you require an original executed copy of the surety bond beforehand, we can accommodate that need as well.

I anticipate that upon final approval and execution of the documents the \$81,000 depository account currently being maintained as surety relative to NOI M\021\008 can be terminated and the funds transmitted to Geneva Steel.


On the basis of the Memorandum Decision, it is Geneva's understanding that so long as Geneva otherwise remains in compliance with the criteria for self-bonding established by the

Dianne R. Nielson, Director
August 30, 1991
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Board, it will, on the basis of its having satisfied the requirement of five years of corporate operational experience, be permitted to utilize self-bonding for the entire amount of the estimated reclamation costs when a final reclamation contract has been approved. We would appreciate confirmation of this understanding.

Please contact me with any questions and with guidance regarding remaining procedures. Thank you for your assistance.

Very truly yours,



Clayton J. Parr

CJP/wc

cc: Dennis Wanlass
Roy Benson
Lynn Hart

This page is a reference page used to track documents internally for the Division of Oil, Gas and Mining

Mine Permit Number mo210008 Mine Name Iron Mountain
Operator Palladon Iron Corp Date Sent 9/16/91
TO _____ FROM _____

☐ CONFIDENTIAL ☐ BOND CLOSURE ☐ LARGE MAPS ☐ EXPANDABLE
☒ MULTIPUL DOCUMENT TRACKING SHEET ☐ NEW APPROVED NOI
☐ AMENDMENT ☐ OTHER _____

Description

YEAR-Record Number

☐ NOI ☒ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

MRRC

Surety Bond

Self Bonding and Indemnity Agreement

1991-0011

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ TEXT/ 8 1/2 X 11 MAP PAGES ☐ 11 X 17 MAPS ☐ LARGE MAP

COMMENTS: _____

CC: _____